

| ROUTING AND TRANSMITTAL SLIP                                  |                      | Date             |
|---|----------------------|------------------|
| TO: (Name, office symbol, room number, building, Agency/Post) |                      | 23 JULY 1986     |
| 1. ADDA   | Initials             | Date             |
| 2. DDA  | Initials             | 23 JUL 1986      |
| 3.  | Initials             | 23 JUL 1986      |
| 4.  | Initials             |                  |
| DDA REGISTRY  |                      |                  |
| Action  | File                 | Note and Return  |
| Approval  | For Clearance        | Per Conversation |
| As Requested  | For Correction       | Prepare Reply    |
| Circulate   | For Your Information | See Me           |
| Comment   | Investigate          | Signature        |
| Coordination  | Justify              |                  |
| REMARKS   |                      |                  |

THE DIRECTOR OF PERSONNEL RECEIVED A COPY.

DO NOT use this form as a RECORD of approvals, concurrences, disposals, clearances, and similar actions

|  |                |
|--|----------------|
| FROM: (Name, org. symbol, Agency/Post) | Room No.—Bldg. |
|  | Phone No.      |

5041-102

\* U.S.G.P.O.: 1963-421-529/320

OPTIONAL FORM 41 (Rev. 7-76)  
Prescribed by GSA  
FPMR (41 CFR) 101-11.205

**EXECUTIVE SECRETARIAT****ROUTING SLIP**

TO:

|          |         | ACTION | INFO | DATE | INITIAL |
|----------|---------|--------|------|------|---------|
| 1        | DCI     |        |      |      |         |
| 2        | DDCI    |        | X    |      |         |
| 3        | EXDIR   |        | X    |      |         |
| 4        | D/ICS   |        | X    |      |         |
| 5        | DDI     |        | X    |      |         |
| 6        | DDA     |        | X    |      |         |
| 7        | DDO     |        | X    |      |         |
| 8        | DDS&T   |        | X    |      |         |
| 9        | Chm/NIC |        |      |      |         |
| 10       | GC      |        |      |      |         |
| 11       | IG      |        |      |      |         |
| 12       | Compt   |        | X    |      |         |
| 13       | D/OLL   |        | X    |      |         |
| 14       | D/PAO   |        |      |      |         |
| 15       | D/PERS  |        | X    |      |         |
| 16       | VC/NIC  |        |      |      |         |
| 17       |         |        |      |      |         |
| 18       |         |        |      |      |         |
| 19       |         |        |      |      |         |
| 20       |         |        |      |      |         |
| 21       |         |        |      |      |         |
| 22       |         |        |      |      |         |
| SUSPENSE |         | Date   |      |      |         |

Remarks

NSA input for 23 July SSCI hearing in personnel. (Advance copies provided SA/DCI).

STAT

Executive Secretary

22 July 86

Date

3637 (10-81)

Executive Registry

86- 3249X/5

DDA STATEMENT BEFORE SSCI HEARING  
ON NFIP PERSONNEL

23 July 1986



(U) NSA has been and will continue to be a human enterprise dependent for its excellence on the number and quality of its people. We have come to understand that unique human factors, working above all reasonable expectations, have many times been responsible for much of our success. In terms of information derived from collection, analysts and managers at every level routinely develop insightful results beyond that immediately apparent in available data.

(U) Thanks to your support, NSA has been in an extended growth period over the last several years in terms of the size of our work force. The end result of that growth has been an increase in our capability to satisfy our mission of analysis and technical program development and operation. Most of the growth has been in the hard-to-recruit, hard-to-retain technical skills of engineering, computer science, and mathematics, with a large group of linguists included as well. For the future, we must look to a steady, continuing manpower growth in order to ensure that we obtain the skills needed for the U.S. SIGINT system to meet the demands for national security support which will be placed on it during the 1990s. A potential circumstance that would provide for no manpower growth, or a reduction in current manpower levels, would have serious implications for future NSA intelligence production.

(U) Our long and short-range personnel goals to meet the challenges set forth in the National Foreign Intelligence Strategy

CIA REGISTRY

FILE: 60-4

60-4

are to recruit, develop, and retain the best personnel possible. Recruitment, development and retention of an increasingly high quality work force will ensure our future ability to overcome foreign efforts to deny information to our collection effort. Experts in new technological advances will help in the effort to sort through large quantities of data and make real-time analysis more of a reality. Our cryptanalysts and mathematicians will provide even more intelligence support to military commanders as tactical intelligence problems become more technical.

(U) NSA enjoys a very successful recruitment program that has resulted in the Agency being 100% manned for several years. Our recruitment effort has been complemented by an exceedingly low attrition rate--about five percent over the same time period. However, regardless of our past accomplishments, several present and future personnel issues threaten to stymie the Agency's progress.

(U) Of paramount concern is the actual and perceived erosion of federal employee benefits. This issue affects both the recruitment and retention of employees. In recent years, employees have been saddled with reduced cost of living pay increases and substandard health insurance benefits while being forced to contribute to Medicare. In addition to actual changes, there are a variety of proposals currently under consideration that would adversely affect Agency employees. These include the proposed immediate taxation of retirement annuities, the threat of future freezes in within-grade increases, and rescission of the sick leave accrual incentive.

(U) Not only does the reduction in benefits demoralize the current work force, which could lead to increased attrition, it aggravates the already difficult task of recruiting highly qualified applicants. If benefits continue to shrink, we fear an increasing number of possible recruits will elect careers in the private sector.

(U) Adding to the dilemma, the public perception of federal employees has diminished in recent years. Federal employment has been portrayed as consisting of mundane work, substandard pay, and as being less desirable than working in the private sector. Like many other agencies, we are involved in a struggle to replace a gradually aging work force through recruiting and retaining younger, talented, well-educated employees. Unfortunately, these are the very people who are being discouraged from considering Government service as a career. NSA has combated this stigma with an aggressive public relations program but the struggle is becoming increasingly more difficult.

(U) Another personnel issue we must address involves NSA's substantial expansion over the past six years. This has led to some significant changes in work force demographics. Over one-third of our people have six years or less of experience. The skill mix of this group is quite different from that of those hired in the past. For example, in FY85, 60% of the new hires were in technical career fields--double the percentage in FY67. Much has been written about the changing value systems and increased mobility of the new breed of professional employees. If

predictions prove to be true, we can expect to retain fewer of this group based strictly on their lack of commitment to Government service.

(U) Employees with over 20 years of service make up another third of our work force. This subgroup includes most of our senior executives, managers, and technical experts. Over 40% of these employees are currently eligible to retire. If any significant changes are made to the retirement system, the Agency could experience a tremendous loss of expertise that would be difficult to replace.

(U) The relative size of the 31 to 40 year old population will continue to decline while the 21 to 30 year old and the 41 and up population expands. The large number of newer pre-professional and professional employees will be competing for a lesser number of more responsible positions as their careers progress. Considering their high marketability and tendency towards career mobility, we will be hard pressed to provide career progression that meets their expectations.

(U) Yet another issue is the increased marketability of Agency employees in the private sector. In particular, critical skill employees are more marketable than ever because their skills are no longer Agency-specific. Cryptanalysts, engineers, computer scientists, contracting technicians, and even polygraph examiners have a variety of outside career opportunities. As more private sector firms become aware of the need for secure communications, the demand for these skills will accelerate.

(U) National demographic projections reveal a shrinking entry level talent pool over the next ten years from which we can recruit new employees. For example, since 1969 there has been a gradual decline in the number of college graduates majoring in Russian. The number of Russian majors receiving degrees at all levels (BA, MA, PhD) fell from 990 in the peak year of 1969 to a low of 380 in the 1983 college year. Enrollments have remained low since. Considering that almost half of all Russian language hires have come from colleges, we are facing a serious future recruitment problem in satisfying our requirements for Russian linguists. All indications are that we will experience similar difficulties in our search for people in all of what we consider to be critical skill categories.

(U) In response to current personnel issues and anticipation of future ones, we have devised many innovative human resource programs and policies to strengthen the quality of personnel. These include premium pay scales for critical skills, foreign language incentive pay for linguists, technical track career programs, internships, enhanced training coordinated through the National Cryptologic School, a new mid-level staffing program, and an upgraded personnel administration function geared to meet the needs of today's employees. Looking to the future, we have dedicated manpower and resources to developing and implementing human resource programs designed to reward and retain a highly skilled, trained, and motivated work force.

(U) In summary, pay, benefits, and the offer of challenging work attract highly qualified people to the workforce. The fascination of the work itself, more than any other single factor, keeps people in the Intelligence business. We are not gravely concerned that either the attraction or retention power of the Intelligence business will fail, but we fear that tightening budgets and changes to government-wide personnel policies could diminish the ability of our Agency to attract and hold the caliber of people it needs.